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ARIZONA CORPORATION COMMISSION

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July 21, 2004

Chairman Marc Spitzer
Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Jeff Hatch-Miller
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: Protecting Critical Infrastructure Post-9/11.

Dear Colleagues:

As we are all aware, the security of our state's critical infrastructure has never been of greater concern. Ensuring that our power plants, power lines, water delivery systems, telephone network, railroads, and pipelines are shielded from a potential terrorist attack or a major equipment failure is of paramount concern to all.

Several states have already begun the process of identifying security concerns surrounding their critical infrastructure, and some have initiated processes by which utilities may include in rate base additional costs associated with post-9/11 security.

At the very least, I believe this Commission must require our state's utilities to identify and catalog security concerns related to infrastructure under their control. The first step toward making sure that our critical infrastructure is safeguarded from terrorist attack is to understand where our vulnerabilities lie. To the best of my knowledge, most utilities have not conducted a comprehensive critical infrastructure survey, and none have reported on this issue to the Commission. Moreover, neither APS nor TEP have comprehensively discussed the issue of infrastructure security in testimony provided to the Commission as part of their respective rate cases. And to date, the Commission has not undertaken to compile this information from utilities of any kind.

Toward this end, I am requesting that we discuss this matter at the next staff meeting. Initially, I believe we must ask class A and B utilities to provide some preliminary information that will help shape the rest of the inquiry into this matter. This preliminary information should include:

- Information regarding any survey of the utilities' security infrastructure that has already been conducted either by the utility or any branch of government.
- A detailed summary of the state's critical infrastructure. This catalog could potentially include information provided by class A & B utility in Arizona, including electric, water, natural gas, and telephone utilities. In addition, we should ask Salt River Project to voluntarily participate in this survey.
- Information regarding any pressing security needs facing class A and B utilities.

Because the information requested by definition addresses potentially sensitive information that itself could be used to damage the state's critical infrastructure, we will need to promulgate a set of guidelines for keeping this information confidential in the near term.

As the nation continues on its war footing abroad, we have a duty to do all we can here at home to protect against the very real possibility of major equipment failure or attack. The first step toward that goal is to inform ourselves of those places in our system of critical infrastructure that require additional protection.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kris Mayes', with a stylized, cursive script.

Kris Mayes
Commissioner

cc: Ernest Johnson
Brian McNeil